

SOVIET OFFER OF AUSTRIA TREATY

I. Board of National Estimates believes
that new Soviet offer of peace treaty
to Austria is made in all seriousness.

A. Although USSR can always produce
last-minute gimmick, (tying treaty
to German issue or seeking right
of post-treaty intervention), so
far indications are Kremlin intends
to go through with treaty. *clough*

II. If--as we expect--USSR does so, action
will be highly significant, and will
indicate a new flexibility in Soviet
policy following Stalin's death.

A. Would mark first substantial
Soviet concession in Europe
since end World War II.

DOCUMENT NO. _____
NO CHANGE IN CLASS. 1
☒ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE: 29 MAY 81 REVIEWER: 018557

USSR position in Austria not vital to Soviet, we have previously considered USSR would tie settlement small Austrian problem to larger one of Germany (as Molotov said at Berlin).

B. Fact USSR now apparently willing to reverse long-standing policy procrastination, settle Austrian treaty separately, indicates--in our view--Soviet concern at recent international developments.

1. Bohlen reports, after recent talk with Bulganin, his impression of "greater degree of uncertainty and even concern in Soviet government at general international situation."

III. Causes of apparent Soviet policy rever-

sal many and complex, but chief among them is probably Soviet concern over situation created by ratification of Paris accords.

A. Soviet are preoccupied with threat of a rearmed, pro-Western Germany.

B. French ratification of accords probably forced USSR to make move on Austria, to restore maneuverability on German question.

1. Kremlin must estimate that reunification plus neutralization, on Austrian model, (HAVE POWERFUL APPEAL AND WILL) will lead to West German pressure for postponement rearmament while new negotiations take place.

2. USSR can still play it both

ways: if Austrian move has hoped-for repercussions on German question, Kremlin can go through with treaty; if it fails, can renege at last minute, blame West for failure.

C. We believe that threatening situation in Far East, together with Soviet desire to reinforce neutralist opposition to US Far East policy, also a factor in USSR's Austrian gambit.

1. Disagree, however, with Lippmann view that Soviet desire to neutralize and protect its European rear in case of Far East hostilities was dominant Soviet motive.

Omit

much, if not more, concerned over

European as over Far East problems.

D. Another factor in Austrian gambit many have been Soviet desire to insure Austrian neutralization.

1. Given likely Soviet suspicions that US plans bases in Western Austria, USSR may have been willing to pay price for Swiss-type neutrality.

2. Perhaps Soviets are moving toward broader buffer zone of neutral states as counter to US "encirclement."

IV. One major lesson to be learned from Austrian settlement is new flexibility of Soviet policy, and possibility of further moves.

A. Austrian move may reflect uncertainty of new ^{collective} ~~collegial~~ Soviet leadership and its concern over recent trend of cold war.

B. In background may be Soviet worry
over nuclear arms race.

1. Despite Moscow's careful repudi-
ation of Malenkov remark that
World War III could mean end
of civilization, Mikoyan last
week told Austrian State Sec-
retary Kreisky that Soviet
development of nuclear weapons
had involved "frightful cost."

*Add item
from CIA
cable*